

INSURANCE RENEWAL UPDATE 2023/24

1. RECOMMENDATIONS

- 1.1 That Audit Committee note the contents of this report.

2. INTRODUCTION AND PURPOSE

- 2.1 The Council operates a large insurance portfolio covering a wide range of insurable risks. The principal risks covered are Property, Combined Liability, Terrorism, Motor Fleet, Drones, Personal Accident, Travel, Crime, Engineering insurance and Inspection which are placed with the market via the Council's insurance broker, Arthur J. Gallagher (AJG) and directly with Zurich Municipal.
- 2.2 This report sets out the 2023/24 renewal terms and gives an insight into how insurance is procured by NFDC.

3. BACKGROUND

- 3.1 The Council's insurance arrangements are subject to Long Term Agreements (LTAs) whereby an insurer offers a discount in return for a guarantee to renew with them for a fixed number of years. The current LTAs are with effect from 1st April 2020 to offer annually for 3 years with the option to extend twice annually.
- 3.2 The UK insurance market has undergone a significant decrease in capacity, leading to a shift in the dynamics that now favour insurers over policyholders. This shift can be attributed to the growing demand for insurance surpassing the available supply. Several key factors have contributed to this situation. Firstly, the implementation of solvency standards for insurance companies, combined with inflationary pressures, has had a profound impact. Additionally, the financial consequences resulting from widespread global natural disasters have further exacerbated the issue. Lastly, the Covid-19 pandemic has had a detrimental effect on the financial well-being of insurers, compounding the challenges they face.

4. 2023/24 RENEWAL TERMS

- 4.1 The renewal process started in October 2022. It was led by the Council's broker, AJG, with an aim to achieve the best outcome for the forthcoming insurance period, taking into account market conditions, the existing LTAs, and the Council's claims experience. The renewal terms were presented to Hampshire Insurance Forum members (HIF) in March 2023.
- 4.2 All policies, except for certain insurance classes, have been offered renewal terms in line with the LTA, with no changes to rates. Any increases that have been observed can be attributed to adjustments in our insured sums.
- 4.3 There are, however, some classes of insurance that have not been renewed as per the LTA guidelines. A resulting rate increase has been applied across all HIF members. This increase could potentially have been steeper had NFDC not held membership with HIF, underlining the significance of collaborative work in such contexts. Provided below is a table detailing types of coverage and corresponding renewal prices:

Cover	Current Insurer	NFDC Premium 22/23	NFDC Premium 23/24
Property Damage Commercial, Commercial Combined & Business Interruption & Property Damage Leaseholders (RTB)	Protector	£187,385	£201,596
Combined Liability	Protector	£235,077	£279,820
Motor Fleet	Protector	£181,432	£181,867
Terrorism	RMP	£11,033	£12,014
Drones	Allianz	£1,650	£1,650
Engineering Insurance	ZM	£5,743	£6,312
Personal Accident	ZM	£2,216	£2,888
Business Travel	ZM	£980	£1,217
Engineering Inspection	ZM	£28,775	£30,897
Crime	ZM	£6,139	£7,919
Marine	WTW	£39,273	£39,921
Total		£699,704	£766,101

5. FINANCIAL IMPLICATIONS

- 5.1 The premiums for 2023/24 result in a £40,000 budget shortfall across the General Fund (£24,000) and Housing Revenue Account (£16,000). This additional budget requirement will be included within Financial Monitoring Reporting. The MTFP and budget planning for 2024/25 will also need to reflect this revised position.

6. ENVIRONMENTAL MATTERS AND EQUALITY & DIVERSITY IMPLICATIONS

- 6.1 There are no direct environmental or equality and diversity implications arising from this report.

7. DATA PROTECTION IMPLICATIONS

- 7.1 There are no data protection implications arising from this report.

For further information

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